Mr. SPEAKER :—" Now the Hon. Minister for Rural Welfare will introduce the Madras Entertainments Tax (Amendment) Bill, 1953."

(7) THE MADRAS ENTERTAINMENTS TAX (AMENDMENT) BILL, 1953.

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Mr. Speaker, Sir, I beg to introduce the Madras Entertainments Tax (Amendment) Bill, [a] 1953, and move— 6-10 p.m.

'*That the Bill be taken into consideration at once.*'

While moving this motion, I would like to point out that as a general rule section 13 (1) of the Madras Entertainments Tax Act, 1939 (Madras Act X of 1939) provides for payment of 90 per cent of the entertainments tax to the local authority having jurisdiction over the area in which the entertainments are held and further gives power to the Government to fix the proportions in which the proceeds of the tax should be distributed between such local authority and neighbouring local authorities; and section 13 (2) makes provision for Government to determine the sums which should be paid to the local authorities in the State. As the determination of the Government under section 13 (2) has been made final, it has not been found possible to vary it, although circumstances do arise from time to time, which make such variation essential and equitable in particular cases, for instance, where there has been a mistake or where a material fact has not been brought to notice or where new circumstances have arisen. The Bill amends section 13, sub-section (1) so as to enable the Government in the cases mentioned above, to modify any order assigning the portion of the proceeds of the tax either entirely to a local authority or proportionately to local authorities; and provides that no order under section 13 (1) relating to any local authority should be modified after the expiry of two years from the end of that period. In view of these amendments, it is considered unnecessary to retain existing sub-section (2) of section 13 relating to the working out of the actual sums payable to local authorities. Provision has also been made for the recovery by the Government of any amount paid in excess to local authorities."

Mr. SPEAKER :—" Motion moved—

'That the Madras Entertainments Tax (Amendment) Bill, 1953, be taken into consideration at once.' "

* SRI VAVILALA GOPALAKRISHNAIAH :—" Mr. Speaker, Sir, I move—

'*That the Madras Entertainments Tax (Amendment) Bill, 1953, be referred to a Select Committee.*' "

The amendment was duly seconded.

SRI S. RAMALINGAM :—" Mr. Speaker, I have also given notice of a similar amendment."

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[a] Published in the *Fort St. George Gazette*, dated 18th March 1953.

SRI S. VEMIAH :—" Mr. Speaker, Sir, I have also given notice of an amendment and I move—

'*That the Madras Entertainments Tax (Amendment) Bill, 1953, be circulated for eliciting public opinion.*' "

The amendment was duly seconded.

MR. SPEAKER :—" The amendments are before the House for discussion."

* SRI VAVILALA GOPALAKRISHNAIAH :—" Mr. Speaker, Sir, the whole day we have been engaged in dealing with technical things and we are not able to seriously address ourselves to them; we have not had any relaxation, not in the sense that we had not had any amusement but that we have had to devote ourselves to heavy work, things which require much experience and we feel not so much equal to it and we are afraid that we are not so much experienced."

MR. SPEAKER :—" The Bill is about entertainments and that is the relaxation."

SRI T. NAGI REDDI :—" The Bill is not really entertaining but it is taxing."

* SRI VAVILALA GOPALAKRISHNAIAH :—" Though the Bill is an Entertainments Bill, it does not entertain us but it taxes us."

MR. SPEAKER :—" Therefore the hon. Member wants consideration of the Bill to be postponed till tomorrow? "

* SRI VAVILALA GOPALAKRISHNAIAH :—" Yes, Sir, I request the Chief Minister to have the discussion tomorrow. It is really taxing our brain."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Mr. Speaker, it is really a very simple measure. Where a *bona fide* mistake has been committed power has been taken to rectify it because such power was not there previously. In a particular case, the division of the proceeds from the Guindy race came in between the Corporation of Madras and the Chingleput district board. The jurisdiction of the Madras Corporation has been extended and the point in question was as to whom the entertainments tax collected in the Guindy races was to be paid and this section stood in the way of deciding the matter. Similarly also when a touring cinema pitches its tent in a panchayat area it has to be determined whether the whole tax should go to that area or whether it is to be shared with another. When a *bona fide* mistake arises, it has to be rectified in the interests of the local authorities concerned and we find there is no provision enabling this to be done in the present Act. A provision has been made here, it is a formal matter and a simple measure and it need not tax the brain of my Friend. It is not a matter of taxation of the localities concerned. I hope the hon. Member can give me that much of trust and allow this Bill to be passed."

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SRI C. V. K. RAO :—" This does not seem to be so simple as all that and I feel there must be a full dress debate upon it and we require much time."

* THE HON. SRI C. RAJAGOPALACHARI :—" As the Minister in charge of the Bill has explained, this is merely to correct errors and the law is sought to be amended for that purpose. He has explained the position fully, and I do not think there is any difficulty. There is no catch in it."

SRI M. KALYANASUNDARAM :—" In the first part of the statement the Hon. Minister referred to disputes arising between the local board and the Government in the matter of the proportion of the tax."

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Two local authorities, that is, the Corporation of Madras and the Chingleput District Board."

* SRI VAVILALA GOPALAKRISHNAIAH :—" I want the Hon. Minister to explain to the House where the mistake has been committed. The same position has been taken up with reference to the Land Acquisition Bill. It would be helpful to the people outside to know under what circumstances this has been rendered necessary. I request the Hon. the Chief Minister to let us adjourn to-day and have this item of business for tomorrow."

THE HON. SRI C. RAJAGOPALACHARI :—" Sri Gopalakrishnaiah is presumably tired and I would suggest to him to take a little rest for a few minutes."

* SRI K. KRISHNA RAO :—" Mr. Speaker, Sir, this Bill and the Rent Reduction Bill have got one peculiar feature, namely, if any *bona fide* mistake, that word is not mentioned here, is made or is found out, then there should be power to rectify the mistake. I think the Government have got power to rectify mistakes, wherever they might arise; that is their inherent power. I feel that there must be something behind this particular move; I am in fact entitled to view these things with suspicion. In the case of the Rent Reduction Bill, I think that is one way of seeking to deny occupancy right to those people who are already having it and secondly people whose rents had been reduced will now be told to pay heavier rent. So also I feel with reference to this Bill. I raise this suspicion and the Government are here to explain these things. My fear is that the Government are going to deny to the local authorities the share to which they are entitled and secondly the Bill wants to take into account circumstances which arose after the incidence of the tax occurred. As I see from the Bill circumstances which occurred after the date of the particular show for which collections had been made, may also be the reason for changing the order of allocation to particular authorities. For example, for an entertainment that takes place on, say, the 28th of a particular month the circumstances that come about on the 29th or the 30th of the month will be taken into

6-20 p.m. consideration, under the Bill to decide the amount or the basis of allocation of the amount collected for that entertainment. This, I think, is not fair in law. That is how I look at the Bill. I do not know why such Bills are coming now. I do not think this kind of power to alter has ever been in the Statute Book before. Let me say frankly that all these things seem to be done with an ulterior motive. Two Bills have come like this. I would like to be assured about the peculiar reasons which compelled the Government to come forward with Bills of this kind. I would like to be enlightened on this point before the Bill is passed."

* SRI S. DEIVASIGAMANI :—" Mr. Speaker, Sir, it is an important measure in so far as the finances of the Corporation of Madras and the Chingleput District Board are involved. I would like to know who stands to gain. Is it the Corporation or the District Board? If it is a matter of dispute between these two bodies, it is the Court which ought to decide the matter and we, the legislators, have no say in the matter. I would like the Hon. Minister to enlighten me on this point before the Bill is passed into an Act."

* SRI K. V. RAMESAM :—" Mr. Speaker, if it is a *bona fide* mistake, nobody will stand in the way. But, as pointed out by my hon. Friend, Mr. Krishna Rao, there is some difficulty with reference to the allocation of money between local bodies. If the intention of the Hon. Minister is to regulate the payment of entertainments tax to Local Bodies, then it is a question which vitally affects the financial position of the Local Bodies. Sir, it is already a known fact that 90 per cent of the tax collected will go to Local Bodies and there is no difficulty about that. So far as the percentage of tax payable to Local Bodies is concerned, the Government should interfere only to that extent, viz., that they should collect the entire tax and pay 90 per cent of the tax to the Local Bodies. Only if they try to reduce or enhance the percentage of tax payable to Local Bodies, difficulties would crop up. In that case, there should not be any discretion left in the hands of the Government in the matter of regulating the tax payable to Local Bodies. Therefore, the Bill may be left over for further discussion to-morrow as it affects financial position of many Local Bodies."

* THE HON. SRI C. RAJAGOPALACHARI :—" Sir, I am rising to speak only because Mr. Krishna Rao has frankly said that he generally suspects the Government not only in respect of this particular Bill but in respect of other Bills also. I want to answer only that and I will leave it to my colleague to explain the broad principles of the Bill.

" There is no need for coming to the Legislature to correct a mistake if the Government could themselves do it. But unfortunately when the House has given certain powers to the Government to do a certain thing and they have done it, they cannot correct it unless there is a provision like this, inserted in

the Act itself. Now, let me assure the hon. Member who, according to his statement generally suspects Government objects and others who perhaps suspect also, that here is a case where it is only the division of money due between one local body and another. This has nothing to do with the Government's share. Sir, many of the rural cinemas are run in between two rural panchayat areas or a panchayat area and a town and so they will have to find out how the entertainments tax should be distributed as between the District Board, the Panchayat, the Municipality and the like, and in that process the Government may commit a mistake. It is only to rectify any such mistake and in order to make a better and juster allocation of money as between two local bodies, the Government want powers. I hope hon. Members will accept this."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Mr. Speaker, Sir, as the Hon. Chief Minister has already explained to the House, we are not actually asking for more share in the entertainments tax. Ninety per cent of the entertainments tax goes to Local Bodies and only 10 per cent is retained by the Government towards their collection charges. Even this 10 per cent hardly covers the collection charges. That apart, as I have already explained, in some cases a peculiar situation has arisen wherein the entertainments tax due to a particular local body in a particular place has, by mistake, been paid to another local body. Under the present Act, we have no authority to rectify the mistake and ask the local body which received the amount by mistake to repay it to the local body which ought to get it.

" Sir, as regards the point raised by my hon. Friend Mr. Deivasigamony, I may tell him that a situation had arisen some years ago, perhaps in 1950 or 1951. That situation could not be altered because there is no provision in the Act itself. As I explained before the Chingleput District Board was getting the entertainments tax out of the Racing in Guindy till Guindy came within the jurisdiction of the Corporation of Madras. But unfortunately the Chingleput District Board did not know that it came within the jurisdiction of the Corporation and they made a provision for this amount also in their budget. From the time it came within the jurisdiction of the Corporation, the Corporation is getting the entertainments tax. The District Board could not be reimbursed the amount provided in their budget as there is a technical difficulty involved in it, and we could not force the Corporation to pay back the amount to the District Board. We could only persuade the Corporation for there is no provision in the Act by which we can make them pay it. Similar situations do arise in some villages where cinemas are popular and where touring cinemas are being put up in various places. So, it is only with a view to rectify the defect and see that the share due to a particular local body is not wrongfully paid to another, we have brought forward this Bill. The Government do not take anything more than 10 per cent of the tax which only goes towards collection charges.

"I must also tell my hon. Friend Mr. Krishna Rao that actually the time-limit we have fixed for rectifying a mistake is only two years from the date when the mistake is committed. Within those two years, we will rectify the mistake. I may assure the House that this amending Bill is intended only to meet a situation for which provision has not been made in the original Act itself and I request the House to pass this amending Bill."

(Sri K. Krishna Rao rose from his seat . . .)

MR. SPEAKER :—"The hon. Member has no right of reply after the Hon. Minister has replied."

SRI T. NAGI REDDI :—"Probably he wants some information from the Hon. Minister."

SRI K. KRISHNA RAO :—"On a point of information, Sir. As I have already said, in no other Bill on the Statute Book, do we find similiar provisions. Even in the Acts like the Madras Estates Land Act, we do not find such a provision. My question as to why there is need for such a provision, has not yet **been** answered."

* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—"I am sorry my hon. Friend did not understand me properly. I have answered his point. When a dispute arises as to the share of the entertainments tax as between two local bodies, under the present Act it is not possible for the Government to settle it. It is only to settle such disputes and rectify mistakes, if any, the Government take power under this Bill."

MR. SPEAKER :—"Is the hon. Member Mr. Vavilala Gopalakrishnaiah pressing his amendment?"

SRI VAVILALA GOPALAKRISHNAIAH :—"I am not pressing it."

MR. SPEAKER :—"Is the hon. Member Mr. Vemiah pressing his amendment?"

SRI S. VEMIAH :—"No, Sir, I am not pressing it."

The amendments of Mr. Vavilala Gopalakrishnaiah and Mr. Vemiah were, by leave, withdrawn.

MR. SPEAKER :—"The question is—

'That the Madras Entertainments Tax (Amendment) Bill, 1953, be taken into consideration.'"

The motion was put and carried.

Clause 2.

MR. SPEAKER :—"The motion is—

'That clause 2 do stand part of the Bill."

SRI VAVILALA GOPALAKRISHNAIAH :—"We shall now adjourn as it is 6-30 p.m."

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THE HON. SRI C. SUBRAMANIAM :—" After this Bill is passed, we shall adjourn."

SRI C. V. K. RAO :—" Mr. Speaker, Sir, we have already spent a good deal of time over the necessity of this Bill being discussed now itself and I do not know how much more time will be needed to go into the details of this Bill." 6–30 p.m.

MR. SPEAKER :—" It all depends upon the hon. Member. If he does not move his amendment, I will put the Bill to the vote of the House."

SRI C. V. K. RAO :—" Sir, I still hold that the Bill is not so simple as this."

MR. SPEAKER :—" Let the hon. Member come to his amendment and say whether he is moving it or not."

SRI C. V. K. RAO :—" Sir, I am moving my amendment. My amendment reads as follows :—

'(i) For *the words* " *ten per cent* " *wherever they may occur in the Bill*, substitute *the words* " *five per cent* ";

'(ii) For *the words* " *ninety per cent* " *wherever they may occur in the Bill*, substitute *the words* " *ninety-five per cent* ".'

" The Hon. the Minister for Rural Welfare said that this Bill is intended only to settle any dispute as regards the jurisdiction of two local bodies. The Government are now allotting 90 per cent of the entertainments tax to the Local Boards and the question at issue is, how much of this 90 per cent is to be given to Local Board X or Local Board Y. For settling this point the Government have brought forward this Bill. My amendment is to the effect that the Government are not entitled to take 10 per cent of the entertainments tax simply because they are trying to sit in judgment over the allocation of the 90 per cent of the tax as between Local Board X and Local Board Y. The Local Boards themselves are responsible for the cleanliness of the area and for the maintenance of the public health of the places in their area where these entertainments are held and as such the Local Boards should be entitled to the whole amount of the entertainments tax. As things are at present the revenues of the Local Boards are meagre and they are not able to do any good to the people. The Government now want to take away 10 per cent of the tax on entertainments."

THE HON. SRI C. SUBRAMANIAM :—" Sir, on a point of order, this amendment is quite out of order."

MR. SPEAKER :—" Yes, I am looking at the Bill. I also feel that it is not in order."

* THE HON. SRI C. SUBRAMANIAM :—" The amendment does not deal with the share as between two local bodies but has

the scope of seeking to amend the original Act itself. The Government collect the entertainments tax and as collection and administrative charges, the Government take ten per cent and the other ninety per cent goes to the local body concerned. Now, the hon. Member wants to change this 90 per cent into 95 per cent and the Government's share from 10 per cent to 5 per cent. It is completely out of order."

SRI C. V. K. RAO :—" I will make myself clear, Sir. Sub-section (2) of section 13 of the Madras Entertainments Tax Act lays down that 10 per cent should go to the Government and 90 per cent should go to the local body concerned. In the Statement of Objects and Reasons it is said that there is no change in sub-section (2) of section 13."

MR. SPEAKER :—" The hon. Member cannot seek to change the original Act."

SRI C. V. K. RAO :—" Sir, I think we have to change that section also."

MR. SPEAKER :—" The hon. Member cannot change the original Act. I, therefore, rule the amendment out of order. I will now take up the amendment of hon. Member, Sri K. Krishna Rao. The amendment itself is not clear to me."

SRI K. KRISHNA RAO :—" Mr. Speaker, Sir, I wanted the third clause to be taken out because it is sought to take into consideration circumstances which arise since the order has been passed."

MR. SPEAKER :—" There are only two clauses. Where is the third clause? "

SRI K. KRISHNA RAO :—" Sir, my amendment is to remove item (3) in the proviso added by sub-clause (1) of clause 2. The amendment is—

'*Omit* item (3), namely,' any new circumstances have arisen since the order was passed which make it expedient to modify it," and to *insert* in its place the following proviso :—

' Provided that such modification shall not have the effect of reducing the share of a local authority or local authorities to an amount in any way less than ninety per cent of the proceeds of the tax in any year, and.' "

SRI VAVILALA GOPALAKRISHNAIAH :—" Sir, I second the amendment."

MR. SPEAKER :—" The motion is—

' That item (3) of the new proviso added by sub-clause (1) of clause 2 of the Bill, namely, ' any new circumstances have arisen since the order was passed which make it expedient to modify it,' be omitted,

and the following proviso be inserted in its place :—

' Provided that such modification shall not have the effect of reducing the share of a local authority or local authorities to an amount in any way less than ninety per cent of the proceeds of the tax in any year; and ' "

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* THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, this particular item has been introduced in view of the circumstances that have arisen, as I have already explained, in regard to the Madras Corporation. Originally, the Madras Corporation did not have its jurisdiction extended over Guindy. In the new circumstances under which its jurisdiction was extended, the Guindy Races have been brought under the Corporation of Madras. This item in the proviso has been included to cover cases where a municipality may extend its jurisdiction and, in the new circumstances, there may be a clash with a neighbouring local authority. Sir, I think this amendment is unnecessary."

MR. SPEAKER :—"As the hon. Member is not withdrawing his amendment, I will put it to the vote of the House. The question is—

' That item (3) of the new proviso added by sub-clause (1) of clause 2 of the Bill, namely, ' any new circumstances have arisen since the order was passed which make it expedient to modify it,' be omitted,

and the following proviso be inserted in its place :—

' Provided that such modification shall not have the effect of reducing the share of a local authority or local authorities to an amount in any way less than ninety per cent of the proceeds of the tax in any year; and ' "

The amendment was put and lost.

Clause 2 was put and carried.

Clause 1 was put and carried.

The Preamble was put and carried.

THE HON. SRI S. B. P. PATTABHI RAMA RAO :—" Sir, I move—

' *That the Madras Entertainments Tax (Amendment) Bill, 1953, be passed into law.*' "

MR. SPEAKER :—" The question is—

' That the Madras Entertainments Tax (Amendment) Bill, 1953, be passed into law '."

The motion was carried and the Bill was passed into law.

MR. SPEAKER :—" The House will now adjourn and meet again at 8-30 a.m. to-morrow."

The House then adjourned.